

# CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number \_\_\_\_\_

Meeting Type: Regular

Meeting Date: 9/13/2012

Action Requested By:  
Human Services

Agenda Item Type  
Resolution

Subject Matter:

Agreement between the City of Huntsville and HCC Life Insurance Company

Exact Wording for the Agenda:

Resolution authorizing the Mayor to execute an application for stop loss insurance coverage with HCC Life Insurance Company for the purpose of renewing stop loss insurance coverage for the City's group health plans.

**Note: If amendment, please state title and number of the original**

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what Council action will provide, allow and accomplish and; any other information that might be helpful.

This application is required to renew the City's stop loss coverage for the City's group health plans.

Associated Cost:

Budgeted Item: Select...

MAYOR RECOMMENDS OR CONCURS: Select...

Department Head: 

Date: 9/4/2012

# ROUTING SLIP CONTRACTS AND AGREEMENTS

Originating Department: Human Resources

Council Meeting Date: 9/13/2012

Department Contact: Deloise Manning

Phone # 256-427-5241

Contract or Agreement: HCC Life Insurance Company

Document Name: Application for Stop Loss Coverage

City Obligation Amount:                     

Total Project Budget:                     

Uncommitted Account Balance:                     

Account Number:                     

## Procurement Agreements

<u>Select...</u>	<u>Select...</u>
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## Grant-Funded Agreements

<u>Select...</u>	Grant Name:
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Department	Signature	Date
1) Originating	<i>[Signature]</i>	9/5/12
2) Legal	<i>[Signature]</i>	9/5/12
3) Finance	<i>[Signature]</i>	9/5/12
4) Originating		
5) Copy Distribution		
a. Mayor's office (1 copies)		
b. Clerk-Treasurer (Original & 2 copies)		

RESOLUTION NO. 12-\_\_\_\_\_

WHEREAS the City of Huntsville, wishes to renew an agreement for stop loss insurance for the City's group health plan with HCC Life Insurance Company; and

WHEREAS, the City desires to commence the agreement with HCC Life Insurance Company on October 1, 2012.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to execute an application for stop loss insurance coverage, and other related documents with HCC Life Insurance company on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, regarding the issuance of a stop loss insurance policy for the City of Huntsville's employee health insurance plan, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as Stop Loss Insurance, HCC Life Insurance Company Application, and related documents consisting of ten (10) pages and the date of September 13, 2013, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the 13<sup>th</sup> day of September, 2012.

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President of the City Council of  
the City of Huntsville, Alabama

APPROVED this the 13<sup>th</sup> day of September, 2012.

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Mayor of the City of  
Huntsville, Alabama

Three Town Park Commons, 225 TownPark Drive, Suite 350  
Kennesaw, Georgia 30144 (800 447-0460)

1. Full Legal Name of Applicant and Address City of Huntsville 308 Fountain Circle Huntsville, AL 35801 Telephone No.:	2. Applicant is a (check one): <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Association <input type="checkbox"/> Partnership <input type="checkbox"/> Labor Union <input type="checkbox"/> Trust <input type="checkbox"/> PEO <input type="checkbox"/> MEWA Other:
3. Contract Period: Effective Date: 10/01/2012      Expiration Date: 09/30/2013	
4. Full Legal Name of Affiliates, Subsidiaries and other major locations to be included in coverage:	

5. Nature of Business of the Applicant to be Insured: <b>Government</b>	6. Key Contact Person at Applicant:
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9. Agent of Record: **Cobbs, Allen & Hall, Inc.**

11. Retirees Covered: ☒ Yes ☐ No

13. Deposit Premium (Minimum of first month's estimated premium): \$ 47,227.13

Please review the deposit premium on the Monthly Premium Accounting Worksheet.

14. SPECIFIC STOP LOSS INSURANCE: ☒ Yes ☐ No

A. Covered Expenses Paid under the Employee Benefit Plan for the following Plan Benefits are covered for Specific Stop Loss Insurance (not included unless checked):  
☒ Medical    ☒ Prescription Drug Card    ☐ Prescription Drugs Under Medical    ☐ Other:

B. Specific Deductible in each Contract Period per Covered Person: **\$225,000**

C. Contract Basis: 24/12  
Covered Expenses Incurred from 10/01/2011 through 09/30/2013, and Paid from 10/01/2012 through 09/30/2013.

D. Unlimited Specific Lifetime Reimbursement Maximum per Covered Person  
Specific Contract Period Reimbursement Maximum per Covered Person: **\$3,775,000**

E. Separate Individual Specific Deductible: **None**

F. Monthly Specific Premium Rates:  
**Single: \$9.71 Family: \$29.40**

G. Specific Percentage Reimbursable **100%**

H. Specific Terminal Liability Option: ☐ Yes ☒ No  
Specific Terminal Liability Option premium per Covered Person per month:

President of the City Council of the  
City of Huntsville, Alabama  
Date:

**15. AGGREGATE STOP LOSS INSURANCE:**☐ Yes ☒ No

A. Covered Expenses Paid under the Employee Benefit Plan for the following Plan Benefits are covered for Aggregate Stop Loss Insurance (not included unless checked):  
☐ Medical ☐ Dental ☐ Weekly Income ☐ Vision ☐ Prescription Drug Card ☐ Prescription Drugs under Medical ☐ Other:

B. Minimum Annual Aggregate Deductible: \$  
(Subject to the Definition of Minimum Annual Aggregate Deductible in the Policy)

C. Contract Basis:

D. Aggregate Contract Period Reimbursement Maximum: \$

E. Monthly Aggregate Factors:

Monthly Factors	Combined	Medical	Dental	Weekly Income	Vision	Prescription Drugs
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F. Aggregate Percentage Reimbursable %

G. Loss Limit: \$  
For the purposes of Aggregate Stop Loss Insurance, the Loss Limit is the maximum amount of Covered Expenses Incurred by each Covered Person, which can be used to satisfy the Annual Aggregate Deductible.

H. Monthly Deductible Advance Reimbursement Option: ☐ Yes ☐ No

I. Aggregate Terminal Liability Option: ☐ Yes ☐ No

J. Aggregate Premium:

- ☐ Annual Premium payable in advance for Contract Period:
- ☐ Monthly Premium rate per Covered Unit:
- ☐ Monthly Deductible Advance Reimbursement premium per Covered Unit per month:
- ☐ Aggregate Terminal Liability Option premium per Covered Unit per month:

**SPECIAL RISK LIMITATIONS are stated on the Addendum to Application (if applicable).**

It is understood and agreed by the Applicant that:

1. The Applicant is financially sound, with sufficient capital and cash flow to accept the risks inherent in a "self-funded" health care plan, and
2. The Plan Supervisor retained by the Applicant will be considered the Applicant's Agent, and not the Company's Agent, and
3. All documentation requested by the Company must be received within 90 days of the Policy effective date, and is subject to approval by the Company and may require adjustment of rates, factors, and / or Special Limitations to accommodate for abnormal risks, and
4. The Stop Loss Insurance applied for herein will not become effective until accepted by the Company, and
5. Premiums are not considered paid until the premium check is received by the Company, is paid according to the rates set forth in the Application, and all items required to issue the Policy have been returned to the Company. Premiums are subject to refund should any outstanding policy requirement not be met within 90 days of the Policy's effective date, and
6. This Application will be attached to and made a part of the Policy issued by the Company, and
7. The Employee Benefit Plan(s) attached shall be the basis of any Stop Loss Insurance provided by the Company and such Employee Benefit Plan(s) conforms with all applicable State and Federal statutes, and
8. Any reimbursement under the Stop Loss Insurance provided by the Company shall be based on Covered Expenses Paid by the Applicant in accordance with the Employee Benefit Plan(s) attached hereto, and
9. After diligent and complete review, the representations made in this Application, the disclosures made, and all of the information provided for underwriters to evaluate the risk, are true and complete.

Any person who knowingly and with the intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Full Legal Name of Applicant:

Applicant's Federal Tax I.D. Number:

City of Huntsville

636001296

Dated at Huntsville, Alabama this 13<sup>th</sup> day of September, 2012.

\_\_\_\_\_  
Officer / Partner Signature Tommy Battle  
(print name)

\_\_\_\_\_  
Licensed Agent Signature J. Terry Holloway  
(print name)

**For HCC Life Insurance Company Office Use Only: ACCEPTANCE**

Accepted on behalf of the Company, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_

Title: SVP

Policy No.: \_\_\_\_\_

STOP LOSS INSURANCE  
HCC LIFE INSURANCE COMPANY  
ADDENDUM TO APPLICATION

Full Legal Name of Applicant: City of Huntsville

Effective Date: 10/01/2012

SPECIAL RISK LIMITATIONS:

Mental/Nervous and Substance Abuse (MNSA) is covered.

\_\_\_\_\_  
Officer/Partner Signature

 J. Terry Holloway  
\_\_\_\_\_  
Licensed Agent Signature

# HCC LIFE INSURANCE COMPANY

Policyholder **City of Huntsville**

Policy No. **HCL16626**

Effective Date 10/01/2012

**Administrator Blue Cross/Blue Shield of Alabama**

Report Period 10/01/2012 to 10/31/2012

[illegible]

**\*Prior month adjustments are limited to the preceding 3 months. You must attach documentation to receive consideration for any other months.**

Please make checks payable to **HCC LIFE INSURANCE COMPANY**. Send checks to: HCC Life Insurance Company, P.O. Box 402032, Atlanta, GA 30384-2032.



## BUSINESS ASSOCIATE AGREEMENT FORM

### Part I - Preamble

- A. **Effective Date:** The effective date of this Business Associate Agreement ("Agreement") is 10/01/2012.
- B. **Parties:** The parties to this Agreement are City of Huntsville Group Health Care Plan, ("Covered Entity"), and HCC Life Insurance Company ("HCC Life" and "Business Associate"), an Indiana corporation. HCC Life is a stop loss insurance carrier and all references in this agreement to "stop loss insurance carrier" refer to HCC Life. For purposes of this Agreement, HCC Life is a business associate (as defined in the HIPAA Privacy Rule as defined below) of Covered Entity. Covered Entity and Business Associate agree that there shall be no third party beneficiaries to this Agreement, including but not limited to individuals whose Protected Health Information (defined below) is created, received, used, and/or disclosed by Business Associate in its role as business associate.
- C. **Purpose:** The parties intend that this Agreement comply with the business associate agreement requirements set forth in the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Parts 160 and 164 ("HIPAA Privacy Rule"), as amended by the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"). The parties also intend that this Agreement comply with the relevant provisions of applicable state health care information privacy laws.
- D. In connection with the Business Associate's creation, receipt, use, and/or disclosure of Protected Health Information, the parties agree as follows.

### Part II - General Terminology

- A. The following terms shall have the same meaning in this Agreement as is set forth in the HIPAA Privacy Rule: data aggregation, designated record set, individual, required by law, and Secretary. Protected Health Information ("PHI") shall have the same meaning as the term "protected health information" in 45 C.F.R. § 160.103, but limited to the information created or received by Business Associate from, or on behalf of, Covered Entity. Breach and Unsecured Protected Health Information shall have the same meanings as the terms "breach" and "unsecured protected health information" in the HITECH Act.
- B. In the event of an inconsistency between the provisions of this Agreement and the mandatory terms of the HIPAA Privacy Rule, as may be expressly amended from time to time by the U.S. Department of Health and Human Services ("HHS") or as a result of interpretations by HHS, a court having authority over the parties, or another regulatory agency with authority over the parties, the interpretation of HHS, such court, or regulatory agency shall prevail. In the event of a conflict among the interpretations of these entities, the conflict shall be resolved in accordance with rules of precedence.
- C. Where there are provisions in this Agreement additional to those mandated by the HIPAA Privacy Rule, but which are not prohibited by or contradictory to the HIPAA Privacy Rule, the provisions of this Agreement will apply.

### Part III - Permitted Uses and Disclosures by Business Associate

- A. Except as otherwise provided in this Agreement, Business Associate may use or disclose PHI on behalf of, or to provide services to, Covered Entity for the following purposes, if such use or disclosure of PHI would not violate the HIPAA Privacy Rule if done by Covered Entity: (1) those functions, activities, and/or services as are identified in the Stop Loss Policy between the Covered

Entity and the stop loss insurance carrier and/or (2) those functions, activities, and/or services provided by Business Associate in connection with application and underwriting processes.

- B. As part of its providing functions, activities, and/or services to Covered Entity as identified in Part III.A., Business Associate may disclose information, including PHI, to other business associates of Covered Entity and may use and disclose information, including PHI, received from other business associates of Covered Entity as if this information was received from, or originated with, Covered Entity.
- C. Business Associate agrees not to use or further disclose PHI other than as permitted or required by this Agreement or as required by law.
- D. Business Associate agrees to use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Agreement or as required by law. Business Associate will implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the Covered Entity.
- E. Except as otherwise limited in this Agreement, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
- F. Except as otherwise limited in this Agreement, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- G. Except as otherwise limited in this Agreement, Business Associate may use PHI to provide data aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
- H. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides PHI agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides electronic PHI agrees to implement reasonable and appropriate security measures to protect the electronic PHI.
- I. If Business Associate becomes aware of any use or disclosure of PHI that is not provided for in this Agreement, Business Associate will report that use or disclosure to Covered Entity as soon as reasonably possible. If Business Associate becomes aware of any security incident concerning electronic PHI, Business Associate will report that incident to Covered Entity as soon as reasonably possible.
- J. Business Associate agrees, at the written request of Covered Entity, to provide access to PHI in accordance with 45 C.F.R. § 164.524. Business Associate may require Covered Entity to pay certain reasonable fees, as delineated in 45 C.F.R. § 164.524(c)(4), for it to provide copies or summaries of PHI.
- K. Upon receiving written notification from Covered Entity that it has directed or agreed, pursuant to 45 C.F.R. § 164.526, to amend PHI, Business Associate agrees to make PHI available for amendment and incorporate any such amendments to PHI as directed by Covered Entity.

- L. In accordance with 45 C.F.R. § 164.528, Business Associate will retain, document and make available to Covered Entity, upon written request, the information required by Covered Entity to provide an accounting of disclosures, if so requested by an individual.
- M. For the purpose of the Secretary determining Covered Entity's compliance with the HIPAA Privacy Rule, Business Associate shall make available to the Secretary, in a reasonable time or as designated by the Secretary, the Business Associate's internal practices, books, and records including policies, procedures, and PHI relating to the use and disclosure of PHI received from Covered Entity or created by Business Associate on behalf of Covered Entity. No attorney-client, accountant-client, or other legal privilege will be deemed to have been waived by Business Associate by virtue of this provision of the Agreement.
- N. Business Associate agrees to, as soon as practicable, but in no case later than 30 calendar days after the discovery of a breach of unsecured protected health information, notify Covered Entity of such breach. A breach shall be treated as discovered as of the first day on which such breach is known, or by exercising reasonable diligence would have been known, to any person, other than the person committing the breach, who is an employee, officer or agent of Business Associate. The notification shall include, to the extent possible, the identification of each individual whose unsecured protected health information has been, or is reasonably believed by Business Associate to have been, accessed, acquired, used or disclosed during the breach. In addition, Business Associate shall provide Covered Entity with any other available information that Covered Entity is required to include in the notification to the individual under 45 C.F.R. § 164.404(c) of the HIPAA Privacy Rule.
- M. Business Associate agrees to mitigate to the extent practicable, any harmful effect that is known or reasonable foreseeable to Business Associate or a use of disclosure of PHI by Business Associate in violation of the requirements of this Agreement.

#### **Part IV - Obligations of Covered Entity**

- A. Upon request, Covered Entity shall provide, in a timely manner, Business Associate with the Notice of Privacy Practices that Covered Entity produces in accordance with 45 C.F.R. § 164.520, as well as any changes to such Notice.
- B. Covered Entity shall provide Business Associate with any changes in, or revocation of, permissions by the Covered Entity or any individual to use or disclose PHI if such changes, revocations or permissions affect Business Associate's permitted or required uses and disclosures.
- C. Covered Entity shall notify Business Associate, in writing and in a timely manner, of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
- D. Except for Business Associate's management and administrative activities and data aggregation, Covered Entity shall not request that Business Associate use or disclose PHI in any manner than would not be permissible under the HIPAA Privacy Rule if done by Covered Entity.

#### **Part V - Termination Provisions**

- A. This Agreement shall continue until it is terminated by any of the parties or if a Stop Loss Policy exists between the Covered Entity and the stop loss insurance carrier, the Stop Loss Policy expires without renewal. Any party to this Agreement may terminate this Agreement without the necessity of showing cause by the delivery of a written notice from the terminating party to the other parties. However, if a Stop Loss Policy exists between the Covered Entity and the stop loss insurance carrier, then the termination of this Agreement shall not be effective until either (1) all claims under the Stop

Loss Policy are received and processed by Business Associate or (2) the time period delineated in the Stop Loss Policy for claims to be submitted to Business Associate and processed by Business Associate upon the Policy's termination, has expired, whichever event occurs first. If no Stop Loss Policy exists between Covered Entity and the stop loss insurance carrier then the termination is effective ten (10) business days from the date that the party receives such notice. Notwithstanding any other provision of this Agreement, Covered Entity will not withhold PHI from Business Associate so as to prevent Business Associate from using its usual and routine claims processing procedures to process claims under this section.

- B. If Covered Entity determines that Business Associate has violated a material term of this Agreement then Covered Entity shall inform Business Associate in writing of the violation and Business Associate shall either terminate this Agreement under paragraph Part V.A. or endeavor to cure such violation. If Business Associate endeavors to cure the violation but fails to do so in a reasonable period of time or if a cure is not possible, Covered Entity may terminate this Agreement upon written notice. Such termination shall be effective on the date that Business Associate receives the termination notice from Covered Entity which states that Covered Entity wishes to terminate this Agreement under this provision and states the material term of this Agreement that Covered Entity believes has been violated by Business Associate; however, any amounts due from Covered Entity to Business Associate as of the effective date of the termination continue to be so due.
- C. Subject to the Part V.A. above, if a Stop Loss Policy exists between Covered Entity and the stop loss insurance carrier and such Stop Loss Policy is terminated or expires, this Agreement shall be deemed to have terminated at the same moment the Stop Loss Policy's termination or expiration became effective. Similarly and subject to Part V.A. above, if this Agreement is terminated by any party, all other agreements then existing between Business Associate and Covered Entity, unless otherwise agreed to in writing by Business Associate and Covered Entity, are also deemed to have been terminated at the same moment this Agreement's termination became effective. However, in either case, any amounts due from Covered Entity to Business Associate under any such agreements as of the effective date of termination continue to be due.
- D. Upon the termination of this Agreement for any reason, Business Associate will, if feasible, return to Covered Entity all PHI or, at its discretion, in the alternative, Business Associate will destroy all PHI. PHI to be returned or destroyed shall include all PHI received from Covered Entity and all PHI created or received by Business Associate on behalf of Covered Entity, that is in the possession of the Business Associate, its subcontractors, or agents. Business Associate shall provide the Covered Entity notifications of the conditions that make return or destruction infeasible. If such return or destruction is not feasible, for so long as Business Associate maintains such PHI, Business Associate will continue to extend all the protections of this Agreement to the PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI not feasible.

#### **Part VI – Indemnification**

- A. To the extent authorized and limited by law, Business Associate shall indemnify and hold harmless Covered Entity and any of Covered Entity's affiliates, directors, officers, employees and agents from and against any claim, cause of action, liability, damage, cost or expense arising out of or directly relating to any non-permitted use or disclosure of Protected Health Information, any breach or violation of a state privacy law or rule, or other breach of this Agreement by Business Associate or any affiliate, director, officer, employee, agent or subcontractor of Business Associate.
- B. To the extent authorized and limited by law, Covered Entity shall indemnify and hold harmless Business Associate and any of Business Associate's affiliates, directors, officers, employees and agents from and against any claim, cause of action, liability, damage, cost or expense arising out of or directly relating to any non-permitted use or disclosure of Protected Health Information, any breach or violation

of a state privacy law or rule, or other breach of this Agreement by Covered Entity or any affiliate, director, officer, employee, agent or subcontractor of Covered Entity.

#### Part VII - Miscellaneous

- A. This Agreement is entered into by and among the Covered Party and the Business Associates for the exclusive benefit of each of the parties hereto. This Agreement shall not be construed to confer any rights or remedies upon any Person, except the parties hereto and their respective officers, directors, shareholders, employees, agents, successors, and assigns.
- B. Business Associate's obligation to protect the privacy of PHI hereunder will be continuous and shall survive termination or expiration of this Agreement. The obligations of the parties hereto under this Part III, Paragraphs H., I. and L., Part V. Paragraph D. and Part VI Paragraphs A., B. and C. of this Agreement shall survive the termination or expiration of this Agreement.

HCC Life Insurance Company

By: [Signature]

Printed Name: Bond Long

Title: VP Compliance

Plan: City of Huntsville Group Health Care Plan

By: \_\_\_\_\_

Printed Name: Tommy Battle

Title: Mayor of the City of Huntsville, Alabama